

# 2002 Annual Report

## Fiscal Section

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On the following pages, DNR accounts for the revenue it generated and expended during Fiscal Year 2002 (FY 02), including how revenue was generated and distributed on behalf of the state trusts whose land DNR manages.

Distribution of revenue is governed by statute, and varies according to trust, land type, and activity.

DNR's land management activities and expenditures are investments in the long-term health and productivity of the resources entrusted to its care.

In FY02, DNR undertook an agency reorganization. Although the basic functions of the agency remain the same, the names or groupings of certain activities have changed. This report's information for line item activities has been kept as compatible as possible with prior reports.

### About these pages

■ Fiscal information is presented as a combination of tables, pie charts and notes, and progresses from a broad overview to the more detailed accounting for individual trust beneficiaries, and is divided between state grant lands and Forest Board Lands. (There is no individual page for the Community College Forest Reserve Trust because of the low activity on these trust lands. See "Funds Administered by Other Entities," page 21, for distribution to this trust. All revenue was from timber sales.)

■ The numbered fiscal notes at the beginning of the section (pp. 16-17) are critical to understanding the content of the tables. These notes are referenced by numerical superscript. Other notes may appear at the bottom of a page, in italics.

■ Introductory notes on each page provide context for the contents of the page.

■ Underlined bold numbers are totals or subtotals. The thickness of the line reflects the level of the total. Some pages have a

total (thickest line), subtotals and sub-subtotals (thinnest line).

■ Note that some pages show dollars in thousands. Also, totals may not add due to rounding.

### Acronyms

ACTMA Agricultural College Trust Management Account  
ALEA .... Aquatic Lands Enhancement Account  
CEP&RI.. Charitable, Educational, Penal and Reform Institution Trust  
COLA ... Cost of Living Adjustment  
CWU .... Central Washington University  
EWU ..... Eastern Washington University  
FDA ..... Forest Development Account  
FY02 .... Fiscal Year 2002 (July 1, 2001 - June 30, 2002)  
K-12 ..... Kindergarten-12th grade schools  
RMCA .. Resource Management Cost Account  
TESC .... The Evergreen State College  
UW ..... University of Washington  
WSU ..... Washington State University  
WWU ... Western Washington University

# Fiscal Notes

The numbered notes below are referred to on the following pages. A note may apply to more than one page. Although similar to notes in prior reports, these notes apply only to this report.

## 1 REVENUE/EXPENDITURE CATEGORIES

*Timber sales related activities* include contract extensions, slash disposal, trespasses, and default settlement payments.

*Miscellaneous sales* include publications, GIS data, honor camp activities, and surveys and maps. *Miscellaneous leases* include special use, rights of way, and special forest products.

*Agency support activities* include the following programs: Human Resources (personnel, safety, training), Financial Management (accounting, risk management, purchasing), Information Technology, Geographic Information Systems, Facilities, and Region Administration.

*Administration* includes Executive Management, Internal Audit, Communications, and Budget & Economics.

*Interagency payments* are payments made to other state agencies such as the Attorney General, State Auditor, General Administration, Dept. of Personnel, Office of Financial Management, Dept. of Information Services, Office of Minority and Women's Business Enterprises, and Secretary of State.

In FY02, DNR undertook an agency reorganization. Although the basic functions of the agency remain the same, the names or groupings of certain activities have changed. This report's information for line item activities has been kept as compatible as possible with prior reports.

## 2 PERMITS, FEES, AND RELATED CHARGES

Includes surface mining permits, log patrol licenses, aquatic lands dredged material disposal site fees, forest practices damage assessments and permits, survey records recording fee, application/assignment fees, burning permit fees, and local government assessments.

## 3 MISCELLANEOUS OTHER REVENUE

Includes prior period adjustments and recoveries of prior biennium expenditures, as well as revenue from the Off-Road Vehicle and Natural Resources Conservation Areas Stewardship accounts.

## 4 REAL PROPERTY REPLACEMENT

During FY02 a total of \$2,718,165 was received from (1) transfers of real property to other government entities, (2) resolution of trespass violations, or (3) transfers of property in lieu of condemnation. The above amount is equivalent to the real property value of those parcels involved and does not include interest earnings. This money is used to acquire replacement trust lands.

No funds were appropriated from the Real Property Replacement Account for FY02 in the 01-03 biennial budget, and thus no expenditures are shown in this account. In addition, the Governor's Office put a temporary freeze on capital expenditures, which limited transactions under the Trust Land Transfer Program during this period.

## 5 LAND BANK

DNR uses the Land Bank program to reposition trust land assets for better future income production. Legislative intent is for revenues from trust property sales to equal or exceed the cost of trust property purchases. However, during any one fiscal year the transactions may not balance. (E.g., a property has been sold, but property to replace it has not yet been purchased.) Land bank transactions are accounted for by trust within each of DNR's management funds.

Revenues from FY02 sales and existing contracts were \$0 to the Forest Development Account (Forest Board Transfer trust) and \$58,655 to the Resource Management Cost Account (Common School trust). A total of \$18,034 is reserved to acquire property to replace Common School trust property previously sold through the "sell first" process of the Land Bank program. Proceeds of land sales made under the "sell first" process are held in the RMCA pursuant to RCW 79.66. The amount is used solely to acquire replacement Common School trust property on an equal value basis.

## 6 OFF-ROAD VEHICLE ACCOUNT

This fund provides for acquisition, planning, development, maintenance and management of ORV recreation facilities, non-highway roads and non-highway road recreation facilities; education and law enforcement programs related to non-highway vehicles; and construction and maintenance of campgrounds and trailheads.

DNR, the Department of Fish and Wildlife, and the Parks and Recreation Commission spend from the fund in support of these functions. The Department of Licensing collects revenue for the fund, and DNR administers the fund according to Legislative appropriations. The deficit revenue shown on page 20 is the transfer of revenue to fund 406 (Salary/Insurance Increase Revolving Fund).

The following is the fund total fiscal activity for FY02:

Beginning Balance	\$706,057
Revenue:	
Licensing	\$1,969,637
Expenditures:	
Natural Resources	(\$1,416,793)
Parks and Recreation	(139,320)
Fish and Wildlife	(257,064)
Expenditure Subtotal	(1,813,177)
Operating Transfers	(42,166)
Net Fiscal Activity	114,294
<b>Ending Balance</b>	<b>\$820,351</b>

## 7 AQUATIC LANDS ENHANCEMENT ACCOUNT

This fund provides for the purchase, improvement and protection of aquatic lands for public purposes. DNR and the Department of Fish and Wildlife, the Department of Agriculture, the Parks and Recreation Commission, and the Interagency Committee for Outdoor Recreation spend from the fund for these purposes. DNR administers this fund, and only the DNR fiscal activity is reported on page 20, DNR-Administered Funds.

The following is the total fund fiscal activity for FY02:

Beginning Balance	\$2,498,422
Revenue:	
Natural Resources	\$9,449,351
Fish & Wildlife	19
Agriculture	375
Distribution to Fourth Class Towns	(97,069)
Revenue Subtotal	9,352,677
Expenditures:	
Natural Resources	(\$3,480,015)
Fish and Wildlife	(2,623,409)
Parks & Recreation	(136,361)
Agriculture	(437,706)
Interagency Committee for Outdoor Rec	(58,262)
Expenditure Subtotal	(6,735,752)
Net Fiscal Activity	2,616,924
<b>Ending Balance</b>	<b>\$5,115,347</b>

### 8 FDA/RMCA LOAN REPAYMENT

Board of Natural Resources resolution #635 in 1990 and #756 in 1992 authorized settlement of the FDA debt to the RMCA by transferring timber cutting rights on Forest Board Purchase lands to the Common School, Capitol Building, Normal School, and University granted trusts. A one-third interest in assets (timber cutting rights) of the FDA on 35,655 acres was transferred to these trusts. The value of these transfers eliminated the debt between FDA and RMCA.

A total of \$4,513,586 was distributed to the trusts from timber harvested during FY02. The RMCA received \$1,128,397 from this activity. Since this is repayment of a loan, the transactions are recorded as an operating transfer rather than current period revenue.

The values from the harvest activity by fund as well as RMCA trust for FY02 and in total since the adoption of resolution #635 in 1990 are:

	FY '02	Total
Common School Construction Account	\$1,061,148	\$12,129,705
Capitol Building Construction Account	404,510	4,623,844
Normal School Permanent Account	1,294,872	14,801,351
State University Permanent Account	624,659	8,372,889
<b>Total Trust Funds</b>	<b>\$3,385,189</b>	<b>\$39,927,788</b>

### Resource Management Cost Account

Common School Trust	\$354,084	\$4,037,284
Capitol Building Trust	135,082	1,540,660
Normal School Trust Permanent Account	431,011	4,914,159
University School Trust Permanent Account	208,220	2,790,964
<b>Total RMCA</b>	<b>\$1,128,397</b>	<b>\$13,283,067</b>

### 9 OPERATING TRANSFERS

According to the Office of Financial Management's interpretation of generally accepted accounting principles, debt service funds (funds used to pay off debts), such as the UW or WSU Bond Retirement accounts, cannot receive revenue directly. Instead, revenues to these two funds are recorded to the respective permanent funds, and then an operating transfer is made to the appropriate debt service fund.

### 10 TRUST FUNDS - CURRENT AND PERMANENT

*Trust Current Funds* are funds that individual trust beneficiaries can draw from. *Trust Permanent Funds* are endowments which generate interest that can be transferred to the Current Funds.

### 11 NATURAL RESOURCES EQUIPMENT ACCOUNT

Total other fiscal activity does not include funds classified as internal service funds. The Natural Resources Equipment Account is DNR's only internal service fund. This fund is used to maintain, replace and provide equipment to the Department's programs on a rental basis. In FY02, this fund had revenue of \$16,007,047 and expenses of \$9,321,764.

### 12 RMCA PORTION OF TRUST LAND REVENUES

On most transactions, the Resource Management Cost Account receives 25 percent and the trusts receive 75 percent of revenues from granted trust lands. However, some transactions are subject to a different distribution ratio. These transactions include aquatic resources, miscellaneous non-trust revenues, interest earnings, land sales transactions and interfund loan repayment, the latter of which affects the Common School, University, Capitol Building and Normal Schools trusts. As a result, revenue on individual trust and grant lands summary pages may not reflect the usual 25 percent/75 percent distribution.

### 13 NON-TRUST REVENUE AND SALARY/INSURANCE/HEALTH

*Non-trust revenue* cannot be attributed to a specific trust. The largest portion of *non-trust revenue* includes compensation and COLA adjustments. As per the Office of Financial Management, these adjustments are treated as reductions of revenue and corresponding reductions of expenditures in FDA, RMCA, and ACTMA.

### 14 TREASURER'S REVENUE

Due to the schedule for distributing revenue, revenue from Forest Board Lands may earn interest before it is distributed to the appropriate county. Interest earnings cannot be attributed specifically to Transfer Lands or Purchase Lands. This revenue is accounted for as *treasurer's revenue* and is distributed to the appropriate county.

### 15 NEGATIVE TRUST REVENUE

Entries for negative trust revenue reflect accounting adjustments in FY02 which reverse activity from a prior fiscal year. (See notes #9-Operating Transfer and #13-Non-trust Revenue for other categories that show revenue as negative.)

### 16 UNIVERSITY TRUST - ORIGINAL, TRANSFERRED, REPAYMENT

The accounting for the University Trust combines activity from original University trust lands, lands which have been transferred to the trust, and the University Trust's share of interfund loan repayment as described in fiscal note #8.

The following is a breakdown of the different elements contributing to the information on page 27.

Trust		Bond	University	
Source/activity	Total	Retirement	Permanent	RMCA
<b>University - Transferred</b>				
Timber sales	655,584	0	491,688	163,896
Timber sales related	(2,098)	0	(2,177)	79
Leases	206,569	0	154,927	51,642
Late interest	(2,087)	0	(2,456)	369
Fees/service charges	155	0	0	155
Operating transfer - in	1,276,719	443,840	624,659	208,220
Operating transfer - out	(443,840)	0	(443,840)	0
<b>Total</b>	<b>1,691,002</b>	<b>443,840</b>	<b>822,801</b>	<b>424,361</b>
<b>University - Original</b>				
Timber sales	45,143	0	3,857	11,286
Leases	92,821	0	69,615	23,206
Late interest	11	0	8	3
Operating transfer - in	68,836	68,836	0	0
Operating transfer - out	(68,836)	0	(68,836)	0
<b>Total</b>	<b>137,975</b>	<b>68,836</b>	<b>34,644</b>	<b>34,495</b>
<b>University Repayment</b>				
Timber sales	757,831	0	0	757,831
Timber sales related	32	0	0	32
Operating transfer - out	(832,878)	0	0	(832,878)
<b>Total</b>	<b>(75,015)</b>	<b>0</b>	<b>0</b>	<b>(75,015)</b>

# Total Department Revenues

Many of DNR's activities generate revenue, whether for state trusts or for funds that support state programs, including those in DNR. Revenue is shown for the past two fiscal years for

comparison. Differences between the years reflect changes in market conditions, legal requirements, availability of resources, and other factors.

Revenue Source	FY 2002	FY 2001
<b>Sales</b>		
Timber sale removals	\$148,818	\$169,205
Timber sale related activities <sup>1</sup>	691	211
Forest road assessments	7,185	8,404
Nursery seedling sales	2,315	2,493
Miscellaneous <sup>1</sup>	511	506
	<u>\$159,521</u>	<u>\$180,819</u>
<b>Leases</b>		
Agriculture	\$7,886	\$7,547
Aquatic	14,426	12,600
Commercial real estate	7,458	6,013
Mineral and hydrocarbon	1,105	3,088
Communication sites	2,960	2,617
Right-of-way	2,121	593
Miscellaneous <sup>1</sup>	1,336	837
	<u>\$37,292</u>	<u>\$33,296</u>
<b>Other Revenue</b>		
Interest income	\$2,973	\$3,425
Fire assessments and cost reimbursement	8,755	7,796
Grants and contributions	9,478	10,107
Permits, fees, and related charges <sup>2</sup>	2,261	2,191
Miscellaneous <sup>3</sup>	132	797
	<u>\$23,599</u>	<u>\$24,317</u>
<b>Total Revenue from Operations</b>	<u>\$220,412</u>	<u>\$238,431</u>
<b>Other Activity</b>		
Trust land transfers <sup>4</sup>	\$11,344	\$42,529
Land sales <sup>4, 5</sup>	59	15
	<u>\$11,402</u>	<u>\$42,544</u>
<b>Total Revenue</b>	<u>\$231,815</u>	<u>\$280,975</u>

Amounts are reported in thousands of dollars.  
Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Total Department Expenditures

DNR's expenditures reflect the diversity of the department's work. Land management activities are investments in the long-term health and productivity of the resources DNR manages.

Other activities support regulatory, assistance and resource protection programs, as well as general agency operation. Expenditures are shown for the past two fiscal years for

comparison. Differences between the years reflect changes in programs, legal requirements, salaries and benefits, inflation, and other factors.

Expenditures <sup>1</sup>	FY 2002	FY 2001
<b>Operating</b>		
Agricultural resources	\$1,392	\$1,952
Asset management & protection	6,867	7,420
Product sales & leasing	15,275	18,374
Land management	13,601	18,497
Aquatic resources	5,784	7,235
Administration	3,750	3,815
Interagency payments	7,934	4,884
Agency support	16,986	21,208
Geologic resources	2,452	2,331
Special employment services	4,553	4,907
Forest practices	9,313	10,802
Engineering services	10,786	12,464
Resource protection	15,385	12,861
Fire suppression	33,151	15,761
	<u>\$147,228</u>	<u>\$142,511</u>
<b>Capital</b>		
Radio system upgrade	\$829	\$381
Recreation/natural areas	623	1,677
Aquatic resources projects	2,087	3,575
Real estate and property acquisition <sup>4</sup>	19,493	48,673
Small timber landowner program	740	0
Miscellaneous	901	1,342
	<u>\$24,673</u>	<u>\$55,649</u>
<b>Total Expenditures</b>	<u><b>\$171,901</b></u>	<u><b>\$198,160</b></u>

*Amounts are reported in thousands of dollars.*

*Totals may not add due to rounding*

**See fiscal notes, pages 16-17.**

# Fund Activity

DNR's fiscal activity includes generating revenue for a variety of funds and accounts, some of which benefit state trust

beneficiaries and some of which fund state programs, including DNR's. DNR's fiscal activity also includes expenditures supporting its work.

Some of the accounts that receive revenue from DNR or that fund DNR's expenditures are managed by DNR; others are managed by other agencies.

## DNR-Administered Funds

Fund Title	Beginning Balance 7/1/01	Revenue	Expenditure	Transfers and Other Activity	Ending Balance 6/30/02
<b>Trust Management Accounts*</b>					
Forest development (FDA)	\$25,739	\$18,737	(\$18,713)	\$0	\$25,763
Resource management (RMCA)	19,597	28,998	(33,295)	0	15,300
Agricultural college (ACTMA) <sup>13, 15</sup>	726	(25)	(322)	0	379
	<u>\$46,062</u>	<u>\$47,710</u>	<u>(\$52,331)</u>	<u>\$0</u>	<u>\$41,442</u>
<b>Other DNR-Administered Funds</b>					
Access road revolving	\$4,186	\$7,164	(\$9,620)	0	\$1,730
Surveys and maps	1,189	807	(725)	0	1,271
Landowner contingency forest fire	7,336	502	(345)	0	7,493
Park land trust revolving	10,159	346	(9,468)	0	1,036
Aquatic lands dredged material	785	101	(529)	0	357
Aquatic lands enhancement <sup>7</sup>	N/A	9,449	(3,480)	0	N/A
Conservation areas stewardship	253	8	(116)	0	145
School construction revolving	113	7	(12)	0	108
Surface mining reclamation	337	1,038	(979)	0	396
Real property replacement <sup>4</sup>	20,025	3,672	0	0	23,697
Clarke-McNary	237	3,215	(3,212)	0	240
Forest fire protection assessments	2,639	8,100	(5,474)	0	5,265
State forest nursery	1,528	2,322	(2,361)	0	1,489
Off-road vehicle <sup>6</sup>	N/A	(36)	(1,417)	0	N/A
	<u>\$48,789</u>	<u>\$36,695</u>	<u>(\$37,739)</u>	<u>\$0</u>	<u>\$43,227</u>
<b>Total DNR-Administered Funds <sup>11</sup></b>	<u><b>\$94,850</b></u>	<u><b>\$84,406</b></u>	<u><b>(\$90,069)</b></u>	<u><b>\$0</b></u>	<u><b>\$84,668</b></u>

Amounts are reported in thousands of dollars.

Totals may not add due to rounding.

N/A = not applicable.

\* These accounts fund DNR's management of state trust lands. See pages 22, 24, 32, 34, and 36 for more detailed accounting. FDA and RMCA are funded through revenue generated from the lands whose management they support. ACTMA is not funded through revenue, but through a legislative appropriation from the State General Fund.

See fiscal notes, pages 16-17.

## Funds Administered by Other Entities

Fund Title	Revenue	Expenditure	Net Fiscal Activity
<b>Trust Current Funds <sup>10</sup></b>			
Common school construction	\$52,897	\$0	\$52,897
Community college forest reserve	174	0	174
WSU bond retirement	1,120	0	1,120
UW bond retirement	514	0	514
CEP&RI	4,602	0	4,602
EWU capital project	17	0	17
CWU capital project	17	0	17
WWU capital project	17	0	17
TESC capital project	12	0	12
Capitol building construction	7,759	0	7,759
Forest board counties	57,133	0	57,133
	<u>\$124,261</u>	<u>\$0</u>	<u>\$124,261</u>
<b>Trust Permanent Funds <sup>10</sup></b>			
Agricultural college (WSU)	\$1,556	\$0	\$1,556
Normal school (EWU, CWU, WWU, TESC)	4,102	0	4,102
Common school (K-12)	124	0	124
Scientific (WSU)	4,092	0	4,092
State university (UW)	857	0	857
	<u>\$10,731</u>	<u>\$0</u>	<u>\$10,731</u>
<b>Other Funds</b>			
General fund	\$11,153	(\$40,964)	(\$29,811)
Salmon recovery	0	(151)	(152)
State building construction	2	(10,831)	(10,829)
Motor vehicle	1	0	1
Air pollution control	171	(161)	10
Water quality	(70)	(1,051)	(1,122)
Disaster response	0	(27,513)	(27,513)
Salary/insurance increase revolving <sup>13</sup>	1,771	(1,771)	0
Special retirement contribution increase <sup>13</sup>	(611)	611	0
	<u>\$12,417</u>	<u>(\$81,832)</u>	<u>(\$69,415)</u>
<b>Total Funds Administered by Other Entities</b>	<u>\$147,409</u>	<u>(\$81,832)</u>	<u>\$65,577</u>
<b>Total All Funds and Activity</b> (page 20 & 21)	<u>\$231,815</u>	<u>(\$171,903)</u>	

Amounts are reported in thousands of dollars.

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Resource Management Cost Account (RMCA) – Upland + Aquatic Revenue, Expenditures and Fund Balance

The Resource Management Cost Account (RMCA) funds DNR's land management activities on state grant lands. DNR deposits a portion of the revenue it generates from these lands into the account, and the Legislature appropriates funds from the account to DNR for expenditures. The RMCA can be used only for land management expenses (e.g., reforestation, preparing timber sales or managing aquatic leases).

**Fund Balance (July 1, 2001)** **\$19,596,752**

**RMCA Revenue** **\$28,998,367**

**Less: Expenditures <sup>1</sup>**

Agricultural resources	\$1,376,372
Asset management & protection	1,689,142
Product sales & leasing	8,492,137
Land management	5,711,639
Special employment services	1,193,892
Administration	987,567
Interagency payments	2,109,803
Agency support	5,758,694
Engineering services	969,783
Aquatic resources	4,323,883
Salary/insurance/health revolving fund <sup>13</sup>	(507,386)

Total operating expenditures	\$32,105,526
Total capital expenditures	1,189,920

Total expenditures and other charges 33,295,446

**RMCA Fund Balance (June 30, 2002)\*** **\$15,299,672**

*Totals may not add due to rounding.*

*\* Timber sales are a major source of revenue from upland state grant lands. Several years of low timber prices have reduced revenue to the RMCA. Timber prices are projected to remain low over the next several years. DNR is working to bring expenditures and revenue in line with one another.*

**See fiscal notes, pages 16-17.**

## State Grant Lands – Upland + Aquatic

State grant lands (upland and aquatic) were granted to Washington at statehood by the federal government. Each upland parcel is assigned to a specific state trust dedicated to finan-

cially supporting a specific beneficiary (e.g., the Common School Trust supports construction of K-12 schools). The aquatic lands are designated as a public trust to benefit the public as a

whole. Income from state grant lands is divided between trust beneficiary accounts and the RMCA which DNR uses to manage the lands.

Revenue		Distribution		
Source	Total All Funds	Trust Current Funds <sup>10</sup>	Trust Permanent Funds <sup>10</sup>	Resource Management Cost Account <sup>12</sup>
<b>Sales</b>				
Timber sales	\$70,862,393	\$41,494,543	\$8,968,305	\$20,399,545
Timber sales related activities <sup>1</sup>	451,643	254,375	100,063	97,205
Asset transfer/loan repayment <sup>8</sup>	4,513,586	3,093,146	292,043	1,128,397
Trust land transfers <sup>4</sup>	8,625,500	8,625,500	0	0
Land sales (includes land bank sales) <sup>5</sup>	58,655	0	0	58,655
	<u>\$84,511,777</u>	<u>\$53,467,564</u>	<u>\$9,360,411</u>	<u>\$21,683,802</u>
<b>Leases</b>				
Agriculture				
Dryland	\$2,970,894	\$1,991,534	\$249,951	\$729,409
Irrigated	4,252,800	2,811,881	391,949	1,048,970
Grazing and other	605,728	428,259	28,263	149,206
Aquatic lands	14,425,730	8,689,533	0	5,736,197
Special use	725,613	523,773	20,836	181,004
Commercial real estate	7,456,914	5,522,608	70,635	1,863,671
Mineral and hydrocarbon	1,061,507	643,909	50,649	366,949
Rights-of-way	1,407,571	717,276	112,161	578,134
Communication sites	2,075,065	1,171,003	389,720	514,342
Special forest products	354,354	253,083	12,986	88,285
	<u>\$35,336,176</u>	<u>\$22,752,859</u>	<u>\$1,327,150</u>	<u>\$11,256,167</u>
<b>Total Revenue <sup>12</sup></b>				
Interest income	\$1,190,522	\$192,870	\$43,247	\$954,405
Non-trust revenue <sup>13</sup>	(468,668)	0	0	(468,668)
Operating transfer <sup>9</sup>	(4,513,585)	1,627,488	(1,627,488)	(4,513,585)
Permits, fees, and miscellaneous <sup>2, 3</sup>	112,904	26,171	483	86,250
	<u>(\$3,678,828)</u>	<u>\$1,846,529</u>	<u>(\$1,583,758)</u>	<u>(\$3,941,598)</u>
<b>Total Revenue</b>	<u><b>\$116,169,125</b></u>	<u><b>\$78,066,952</b></u>	<u><b>\$9,103,803</b></u>	<u><b>\$28,998,371</b></u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Resource Management Cost Account (RMCA) – Upland Revenue, Expenditures and Trust Balance

This portion of the RMCA supports the land management of upland state grant lands, each of which supports a specific designated beneficiary.

<b>Trust Balance (July 1, 2001)</b>		<b>\$17,942,922</b>
<b>RMCA Uplands Revenue</b>		<b>\$22,564,009</b>
<b>Less: Expenditures <sup>1</sup></b>		
Agricultural resources	\$1,376,372	
Asset management & protection	1,689,142	
Product sales & leasing	8,492,137	
Land management	5,711,639	
Special employment services	1,193,892	
Administration	779,835	
Interagency payments	1,666,012	
Agency support	4,351,860	
Engineering services	969,783	
Salary/Insurance/Health revolving fund <sup>13</sup>	(395,805)	
Total operating expenditures	\$25,834,867	
Total capital expenditures	1,189,920	
Total expenditures and other charges		<u>27,024,787</u>
<b>Trust Balance (June 30, 2002)*</b>		<b><u>\$13,482,144</u></b>

Totals may not add due to rounding.

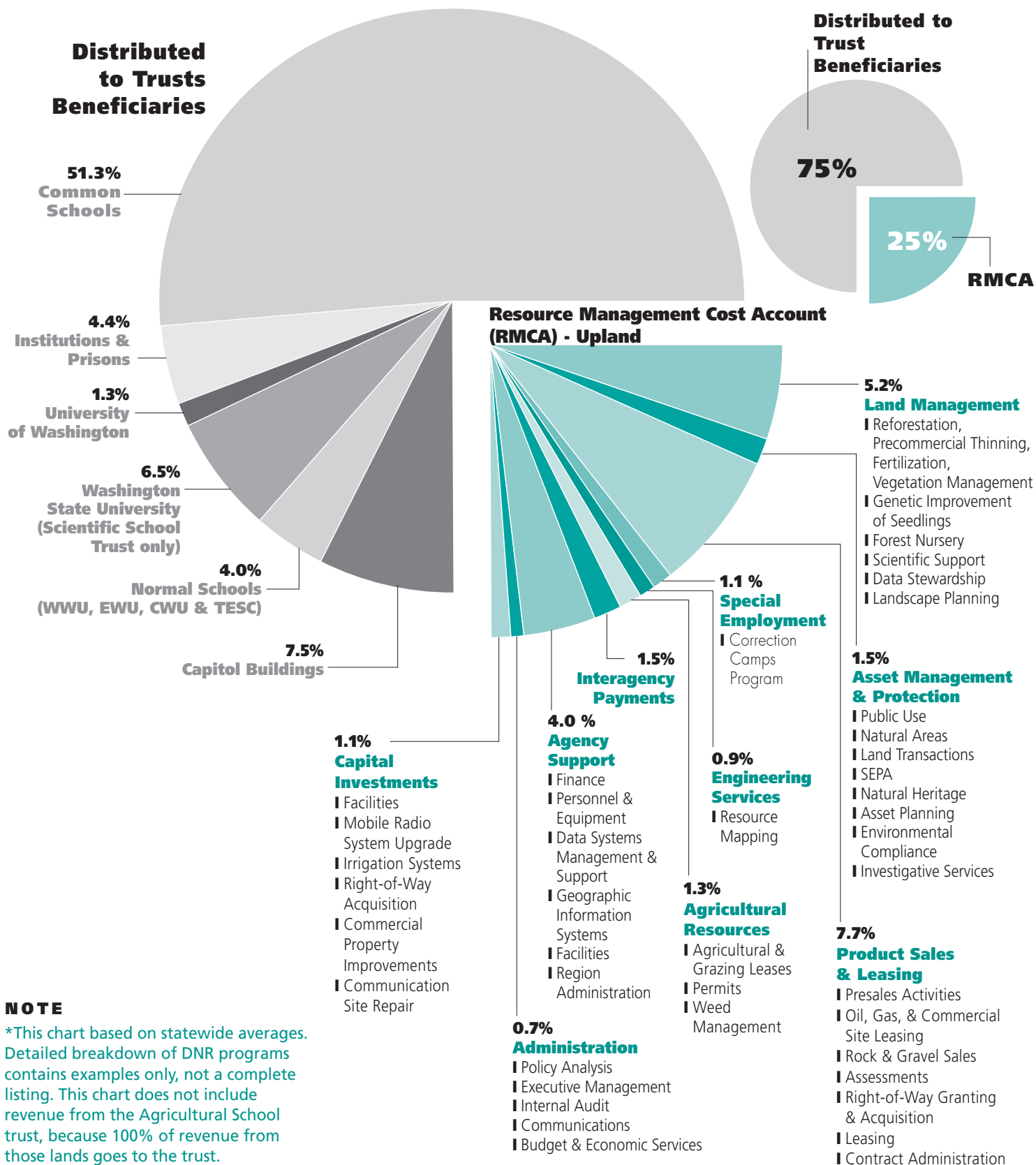
\* Timber sales are a major source of revenue from upland state grant lands. Several years of low timber prices have reduced revenue to the RMCA. Timber prices are projected to remain low over the next several years. DNR is working to bring expenditures and revenue in line with one another.

See fiscal notes, pages 16-17.

# General\* Distribution of Revenue from Upland State Grant Lands Fiscal Year 2002

By law, each beneficiary of the upland state grant land trusts receives 75% of the revenue earned from its lands, and the remaining 25% goes to the RMCA to fund DNR's management of the lands. This chart shows the combined distribution, with each trust beneficiary's share proportional

to its share of the total revenue earned, and with the RMCA share divided among DNR's expenditures from the account for upland management activities. Expenditures are appropriated by the Legislature and are ongoing investments to keep the lands productive and to generate future income for the trusts.



## NOTE

\*This chart based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing. This chart does not include revenue from the Agricultural School trust, because 100% of revenue from those lands goes to the trust.

# Common School, Indemnity and Escheat Grants

Income from these state grant lands and escheat lands (those with no known heirs) supports construction of state public kindergarten through 12th grade schools. Income is distributed between the Common School

Construction Account and the Common School Permanent Account, which generates perpetual interest for the support of school construction. This distribution varies by activity and is governed by law.

Revenue		Distribution		
Source	Total Funds	Common School Construction	Common School Permanent	Resource Management Cost Account <sup>12</sup>
<b>Sales</b>				
Timber sales <sup>12</sup>	\$41,858,139	\$30,439,155	\$0	\$11,418,984
Timber sales related activities <sup>1</sup>	320,838	238,268	0	82,570
Asset transfer/loan repayment <sup>8</sup>	1,415,232	1,061,148	0	354,084
Trust land transfer <sup>4</sup>	8,625,500	8,625,500	0	0
Land sales (includes land bank sales) <sup>5</sup>	58,655	0	0	58,655
	<u>\$52,278,364</u>	<u>\$40,364,071</u>	<u>\$0</u>	<u>\$11,914,293</u>
<b>Leases</b>				
Agriculture				
Dryland	\$2,304,583	\$1,728,439	\$0	\$576,144
Irrigated	3,730,524	2,797,893	0	932,631
Grazing and other	566,003	417,003	0	139,000
Aquatic Lands	0	0	0	0
Special use	663,793	497,845	0	165,948
Commercial real estate	7,357,729	5,518,297	0	1,839,432
Mineral and hydrocarbon	86,237	15,188	49,499	21,550
Rights-of-way	311,205	159,273	74,131	77,801
Communication sites	1,408,864	1,035,084	0	373,780
Special forest products	302,049	226,537	0	75,512
	<u>\$16,720,987</u>	<u>\$12,395,559</u>	<u>\$123,630</u>	<u>\$4,201,798</u>
<b>Other Revenue</b>				
Interest income	\$198,366	\$136,601	0	\$61,765
Non-trust revenue <sup>13</sup>	(235,641)	0	0	(235,641)
Operating transfer <sup>9</sup>	(1,415,232)	0	0	(1,415,232)
Permits, fees, and miscellaneous <sup>2, 3</sup>	54,339	1,254	0	53,085
	<u>(\$1,398,169)</u>	<u>\$137,855</u>	<u>\$0</u>	<u>(\$1,536,023)</u>
<b>Total Revenue</b>	<u>\$67,601,182</u>	<u>\$52,897,485</u>	<u>\$123,630</u>	<u>\$14,580,068</u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

## University Grants (UW) Original and Transferred

Income from these state grant lands supports construction of buildings for the University of Washington. Some of these lands were acquired at the time of statehood, and some lands were

transferred later to support this trust. The income is divided between permanent and bond retirement accounts. This distribution varies by activity and is governed by law.

Revenue		Distribution <sup>16</sup>		
Source	Total Funds	UW Bond Retirement	State (UW) University Permanent	Resource Management Cost Account <sup>12</sup>
<b>Sales</b>				
Timber sales <sup>12</sup>	\$1,458,558	\$0	\$525,545	\$933,013
Timber sales related activities <sup>1, 15</sup>	(2,066)	0	(2,177)	111
Asset transfer/loan repayment <sup>8</sup>	832,879	0	624,659	208,220
Land sales (includes land bank sales) <sup>5</sup>	0	0	0	0
	<u>\$2,289,371</u>	<u>\$0</u>	<u>\$1,148,027</u>	<u>\$1,141,344</u>
<b>Leases</b>				
Agriculture				
Dryland	\$160,124	\$0	\$120,093	\$40,031
Irrigated	0	0	0	0
Grazing and other	23,219	0	17,414	5,805
Aquatic lands	0	0	0	0
Special use	16,262	0	12,197	4,065
Commercial real estate	91,207	0	68,405	22,802
Mineral and hydrocarbon	0	0	0	0
Rights-of-way	5,787	0	4,340	1,447
Communication sites	0	0	0	0
Special forest products	2,791	0	2,093	698
	<u>\$299,390</u>	<u>\$0</u>	<u>\$224,542</u>	<u>\$74,848</u>
<b>Other Revenue</b>				
Interest income	31,244	\$825	(\$2,448)	\$32,867
Non-trust revenue <sup>13</sup>	(6,622)	0	0	(6,622)
Operating transfer <sup>9</sup>	(832,878)	512,676	(512,676)	(832,878)
Permits, fees, and miscellaneous <sup>2, 3</sup>	155	0	0	155
	<u>(\$808,100)</u>	<u>\$513,501</u>	<u>(\$515,124)</u>	<u>(\$806,478)</u>
<b>Total Revenue</b>	<u>\$1,780,661</u>	<u>\$513,501</u>	<u>\$857,445</u>	<u>\$409,714</u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Charitable, Educational, Penal and Reformatory Institutions Grant (CEP&RI)

Income from these state grant lands is used to establish and maintain institutions managed by the Department of Corrections

(such as prisons) and the Department of Social and Health Services (such as Western State Hospital).

Revenue		Distribution	
Source	Total Funds	CEP&RI Account	Resource Management <sup>12</sup> Cost Account
<b>Sales</b>			
Timber sales <sup>12</sup>	\$5,128,848	\$3,846,636	\$1,282,212
Timber sales related activities <sup>1</sup>	5,950	4,462	1,488
Asset transfer/loan repayment <sup>8</sup>	0	0	0
Land sales (includes land bank sales) <sup>5</sup>	0	0	0
	<u>\$5,134,798</u>	<u>\$3,851,098</u>	<u>\$1,283,700</u>
<b>Leases</b>			
Agriculture			
Dryland	\$246,726	\$185,045	\$61,681
Irrigated	0	0	0
Grazing and other	9,428	7,071	2,357
Aquatic lands	0	0	0
Special use	2,459	1,844	615
Commercial real estate	4,645	3,484	1,161
Mineral and hydrocarbon	538,044	403,533	134,511
Rights-of-way	48,136	36,102	12,034
Communication sites	128,130	95,545	32,585
Special forest products	12,665	9,499	3,166
	<u>\$990,233</u>	<u>\$742,123</u>	<u>\$248,110</u>
<b>Other Revenue</b>			
Interest income	\$152,208	\$8,846	\$143,362
Non-trust revenue <sup>13</sup>	(26,646)	0	(26,646)
Operating transfer <sup>9</sup>	0	0	0
Permits, fees, and miscellaneous <sup>2, 3</sup>	146	0	146
	<u>(\$125,709)</u>	<u>\$8,846</u>	<u>\$116,862</u>
<b>Total Revenue</b>	<u>\$6,250,740</u>	<u>\$4,602,067</u>	<u>\$1,648,672</u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Capitol Building Grant

Income from these state grant lands supports construction of state government office buildings at the Capitol Campus in Olympia.

Revenue		Distribution	
Source	Total Funds	Capitol Building Construction	Resource Management <sup>12</sup> Cost Account
<b>Sales</b>			
Timber sales <sup>12</sup>	\$10,096,878	\$7,208,752	\$2,888,126
Timber sales related activities <sup>1</sup>	15,859	11,645	4,214
Asset transfer/loan repayment <sup>8</sup>	539,592	404,510	135,082
Land sales (includes land bank sales) <sup>5</sup>	0	0	0
	<b><u>\$10,652,329</u></b>	<b><u>\$7,624,907</u></b>	<b><u>\$3,027,422</u></b>
<b>Leases</b>			
Agriculture			
Dryland	\$66,636	\$49,977	\$16,659
Irrigated	0	0	0
Grazing and other	3,145	2,359	786
Aquatic lands	0	0	0
Special use	27,700	20,775	6,925
Commercial real estate	1,103	827	276
Mineral and hydrocarbon	5,697	4,273	1,424
Rights-of-way	3,291	2,468	823
Communication sites	54,432	40,374	14,058
Special forest products	6,956	5,217	1,739
	<b><u>\$168,960</u></b>	<b><u>\$126,270</u></b>	<b><u>\$42,690</u></b>
<b>Other Revenue</b>			
Interest income	\$282,375	\$7,809	\$274,566
Non-trust revenue <sup>13</sup>	(44,615)	0	(44,615)
Operating transfer <sup>9</sup>	(539,592)	0	(539,592)
Permits, fees, and miscellaneous <sup>2, 3</sup>	50	0	50
	<b><u>(\$301,782)</u></b>	<b><u>\$7,809</u></b>	<b><u>(\$309,591)</u></b>
<b>Total Revenue</b>	<b><u>\$10,519,507</u></b>	<b><u>\$7,758,986</u></b>	<b><u>\$2,760,521</u></b>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

## Normal School Grant (EWU, CWU, WWU and TESC)

Income from these state grant lands supports construction at Eastern Washington University, Central Washington University and Western Washington University (regional universities).

These three universities were originally called "normal" schools or "teachers' colleges." The Evergreen State College was added by the Legislature to begin receiving revenue after

July 1, 1995. The income is divided among permanent and capital project accounts for each university. This distribution varies by activity and is governed by law.

Revenue		Distribution		
Source	Total Funds	EWU, CWU WWU, TESC Capital Projects	Normal School Permanent	Resource <sup>12</sup> Management Cost Account
<b>Sales</b>				
Timber sales <sup>12</sup>	\$5,263,559	\$0	\$2,783,711	\$2,479,848
Timber sales related activities <sup>1</sup>	31,811	0	23,220	8,591
Asset transfer/loan repayment <sup>8</sup>	1,725,883	0	1,294,872	431,011
Land sales (includes land bank sales) <sup>5</sup>	0	0	0	0
	<u>\$7,021,253</u>	<u>\$0</u>	<u>\$4,101,803</u>	<u>\$2,919,450</u>
<b>Leases</b>				
Agriculture				
Dryland	\$37,431	\$28,073	\$0	\$9,358
Irrigated	18,651	13,988	0	4,663
Grazing and other	2,434	1,826	0	608
Aquatic lands	0	0	0	0
Special use	3,882	2,911	0	971
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	0	0	0	0
Rights-of-way	470	0	352	118
Communication sites	0	0	0	0
Special forest products	15,774	11,831	0	3,943
	<u>\$78,642</u>	<u>\$58,629</u>	<u>\$352</u>	<u>\$19,661</u>
<b>Other Revenue</b>				
Interest income	\$129,275	\$4,240	\$0	\$125,035
Non-trust revenue <sup>13</sup>	(21,293)	0	0	(21,293)
Operating transfer <sup>9</sup>	(1,725,883)	0	0	(1,725,883)
Permits, fees, and miscellaneous <sup>2, 3, 15</sup>	(375)	(900)	0	525
	<u>(\$1,618,276)</u>	<u>\$3,340</u>	<u>\$0</u>	<u>(\$1,621,616)</u>
<b>Total Revenue</b>	<u>\$5,481,619</u>	<u>\$61,969</u>	<u>\$4,102,155</u>	<u>\$1,317,495</u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

## Scientific School Grant (WSU)

Income from these state grant lands supports construction of buildings at Washington State University. The income is

distributed between permanent and bond retirement accounts. This distribution varies by activity and is governed by law.

Revenue		Distribution		
Source	Total Funds	WSU Bond Retirement	Scientific Permanent	Resource Management Cost Account
<b>Sales</b>				
Timber sales <sup>12</sup>	\$5,589,449	\$0	\$4,192,087	\$1,397,362
Timber sales related activities <sup>1</sup>	335	0	104	231
Asset transfer/loan repayment <sup>8</sup>	0	0	0	0
Land sales (includes land bank sales) <sup>5</sup>	0	0	0	0
	<u>\$5,589,784</u>	<u>\$0</u>	<u>\$4,192,191</u>	<u>\$1,397,593</u>
<b>Leases</b>				
Agriculture				
Dryland	\$102,144	\$0	\$76,608	\$25,536
Irrigated	446,705	0	335,029	111,676
Grazing and other	2,601	0	1,951	650
Aquatic lands	0	0	0	0
Special use	8,329	0	6,247	2,082
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	200	0	150	50
Rights-of-way	44,317	0	33,238	11,079
Communication sites	375,677	0	281,758	93,919
Special forest products	12,717	0	9,538	3,179
	<u>\$992,690</u>	<u>\$0</u>	<u>\$744,519</u>	<u>\$248,171</u>
<b>Other Revenue</b>				
Interest income	\$241,912	\$4,469	\$40,368	\$197,075
Non-trust revenue <sup>13</sup>	(29,391)	0	0	(29,391)
Operating transfer <sup>9</sup>	0	885,258	(885,258)	0
Permits, fees, and miscellaneous <sup>2, 3</sup>	5,105	0	0	5,105
	<u>\$217,625</u>	<u>\$889,727</u>	<u>(\$844,890)</u>	<u>\$172,789</u>
<b>Total Revenue</b>	<u>\$6,800,099</u>	<u>\$889,727</u>	<u>\$4,091,820</u>	<u>\$1,818,553</u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Agricultural College Trust Management Account (ACTMA) Revenue, Expenditures and Fund Balance

This account funds DNR's management of the Agricultural College trust lands. The ACTMA is funded through an appropriation from the state General Fund.

(As of July 1, 1999, Agricultural College trust lands do not contribute to the RMCA, which supports DNR's management of other state grant lands.)

<b>Fund Balance (July 1, 2001)</b>		<b>\$725,353</b>
<b>Revenue <sup>15</sup></b>		<b>(24,842)</b>
<b>Less: Expenditures <sup>1</sup></b>		
Agricultural resources	\$4,112	
Asset management & protection	41,678	
Product sales & leasing	187,534	
Land management	166,374	
Special employment services	19,671	
Administration	20,746	
Interagency payments	44,321	
Agency support	128,209	
Engineering Services	46,980	
Salary/insurance/health revolving fund <sup>13</sup>	(22,183)	
Total operating expenditures	\$637,442	
Transfer to General Fund	(354,000)	
Total capital expenditures	38,901	
Total expenditures and other charges		<u>322,343</u>
<b>ACTMA Fund Balance (June 30, 2002)</b>		<b><u>\$378,168</u></b>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Agricultural School Grant (WSU)

Income from these state grant lands supports construction of Washington State University's buildings. All revenue from these lands is income for the trust, and

is divided between two accounts: permanent and bond retirement. This distribution varies by activity and is governed by law.

Revenue		Distribution	
Source	Total Funds	WSU Bond Retirement	Agricultural College Permanent
<b>Sales</b>			
Timber sales <sup>12</sup>	\$1,466,962	\$0	\$1,466,962
Timber sales related activities <sup>1</sup>	78,916	0	78,916
Asset transfer/loan repayment	0	0	0
Land sales (includes land bank sales)	0	0	0
	<u>\$1,545,878</u>	<u>\$0</u>	<u>\$1,545,878</u>
<b>Leases</b>			
Agriculture			
Dryland	\$53,250	\$0	\$53,250
Irrigated	56,920	0	56,920
Grazing and other	8,898	0	8,898
Aquatic lands	0	0	0
Special use	2,392	0	2,392
Commercial real estate	2,230	0	2,230
Mineral and hydrocarbon	1,000	0	1,000
Rights-of-way	100	0	100
Communication sites	107,962	0	107,962
Special forest products	1,355	0	1,355
	<u>\$234,107</u>	<u>\$0</u>	<u>\$234,107</u>
<b>Other Revenue</b>			
Interest income	\$6,515	\$1,188	\$5,327
Non-trust revenue <sup>13</sup>	0	0	0
Operating transfer <sup>9</sup>	0	229,554	(229,554)
Permits, fees, and miscellaneous <sup>2, 3</sup>	483	0	483
	<u>\$6,998</u>	<u>\$230,742</u>	<u>(\$223,744)</u>
<b>Total Revenue</b>	<u>\$1,786,983</u>	<u>\$230,742</u>	<u>\$1,556,241</u>

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# Aquatic Lands

State-owned aquatic lands (tidelands, shorelands and beds of navigable waters) are a "public trust" – managed to benefit the public as a whole. Revenue from these state grant lands is divided

between two accounts: The RMCA supports DNR's management of state aquatic lands and resources, and the ALEA provides for the purchase, improvement and protection of

aquatic lands, largely through grants to public entities. Distribution varies according to activity and land classification, and is governed by law.

Revenue		Distribution	
Source	Total Funds	Aquatic Lands Enhancement	Resource Management Cost Account
<b>Aquatic Resources Activities</b>			
Leases	\$14,425,730	\$8,689,533	\$5,736,197
Mineral and hydrocarbon	430,329	220,915	209,414
Right-of-way	994,265	519,433	474,832
Interest income	148,626	28,891	119,735
Non-trust revenue <sup>13</sup>	(140,095)	(35,635)	(104,460)
Miscellaneous	53,844	26,214	27,630
<b>Total Revenue</b>	<b><u>\$15,912,700</u></b>	<b><u>\$9,449,352</u></b>	<b><u>\$6,463,348</u></b>

## RMCA - Aquatic Revenue, Expenditures and Trust Balance

<b>Trust Balance (July 1, 2001)</b>	<b>\$1,653,830</b>
<b>RMCA Aquatic Revenue</b>	<b>6,434,358</b>
<b>Less: Expenditures <sup>1</sup></b>	
Aquatic resources	\$4,323,883
Administration	207,732
Interagency payments	443,791
Agency support	1,406,834
Salary/insurance/health revolving fund <sup>13</sup>	(111,582)
<b>Total expenditures</b>	<b><u>6,270,658</u></b>
<b>Trust Balance (June 30, 2002)</b>	<b><u>\$1,817,530</u></b>

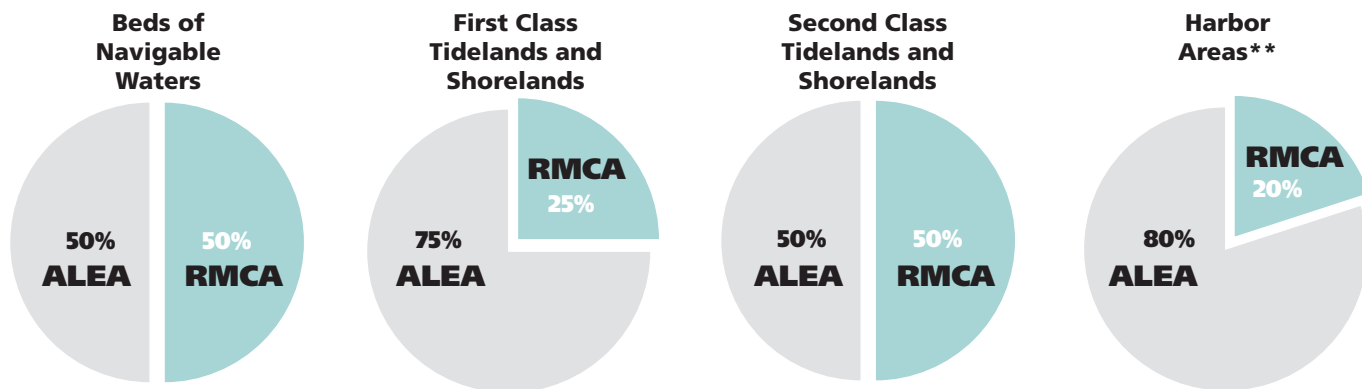
Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# General\* Distribution of Revenue from State-Owned Aquatic Lands Fiscal Year 2002

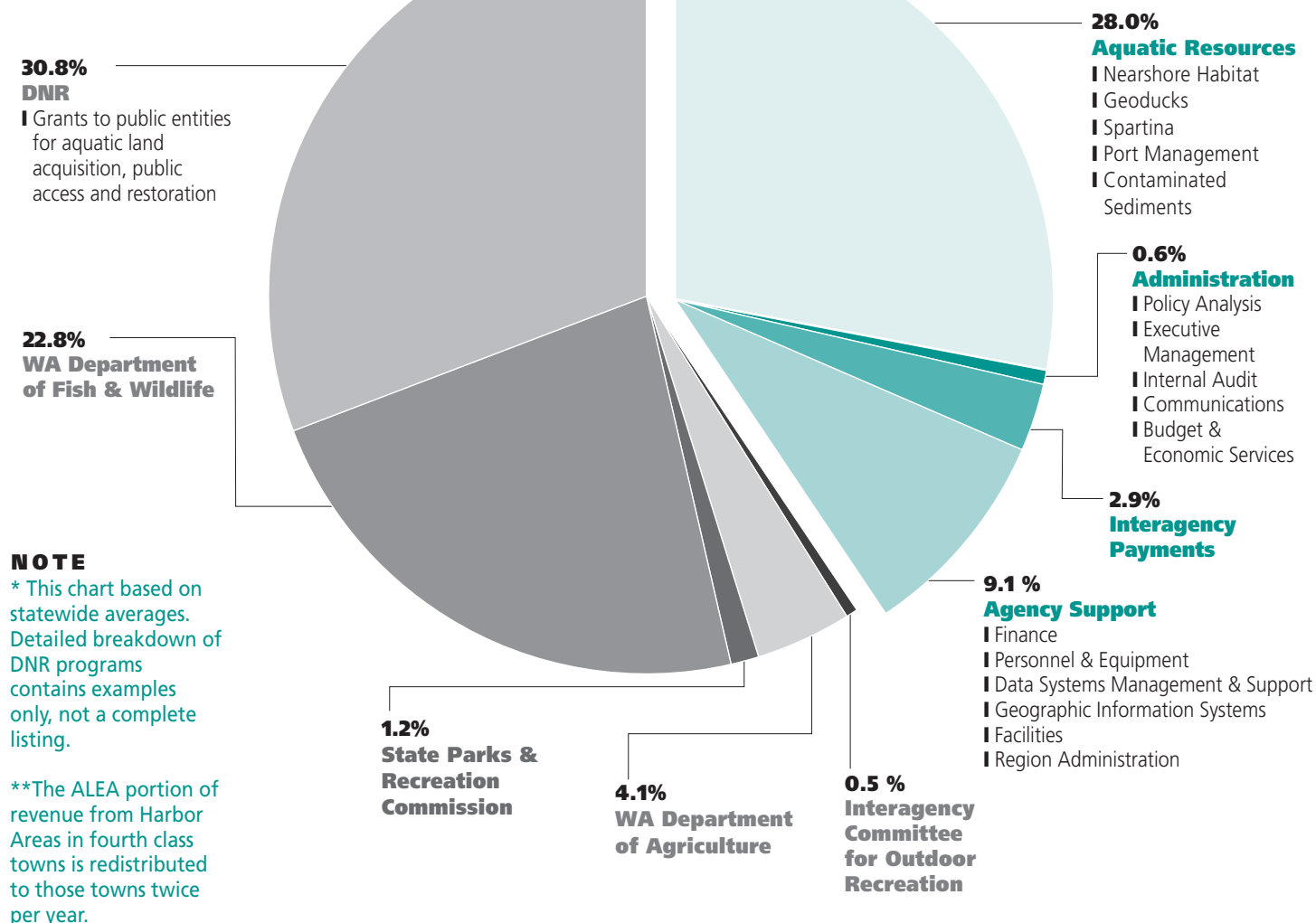
By law, revenue from state-owned Aquatic Lands goes to the ALEA for aquatic resource enhancement and to the RMCA to fund DNR's management of state aquatic lands. Distribution differs for different types of aquatic land – see the small pie charts. The large pie chart shows the

combined total distribution, with the ALEA share divided among recipient agencies, and the RMCA share divided among DNR's expenditures from the account. Expenditures are appropriated by the Legislature and are ongoing investments to keep the submerged lands productive.



## Aquatic Lands Enhancement Account (ALEA) 59.4%

## Resource Management Cost Account (RMCA) - Aquatic 40.6%



# Forest Development Account (FDA) Revenue, Expenditures and Fund Balance

The FDA funds DNR's land management activities on Forest Board Lands in 21 counties. DNR deposits a portion of the revenue it generates from these lands into the account, and the

legislature appropriates funds from the account to DNR for expenditures. The FDA is used for land management expenses (e.g., reforestation, preparing timber sales).

<b>Fund Balance (July 1, 2001)</b>		<b>\$25,739,062</b>
<b>FDA Revenue</b>		<b>18,736,755</b>
<b>Less: Expenditures <sup>1</sup></b>		
Agricultural resources	\$11,887	
Asset management & protection	1,047,300	
Product sales & leasing	6,553,436	
Land management	5,046,736	
Special employment services <sup>2</sup>	1,170,768	
Administration	527,567	
Interagency payments	1,127,075	
Agency support	2,629,297	
Engineering services	377,704	
Salary/insurance/health revolving fund <sup>13</sup>	(284,357)	
Total operating expenditures	\$18,207,412	
Total capital expenditures	505,447	
Total expenditures and other charges		18,712,859
<b>FDA Fund Balance (June 30, 2002)</b>		<b><u>\$25,762,958</u></b>

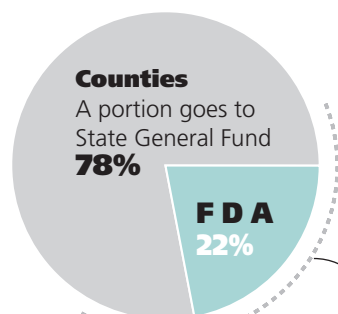
Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# General\* Distribution of Revenue from State Forest Board Lands Fiscal Year 2002

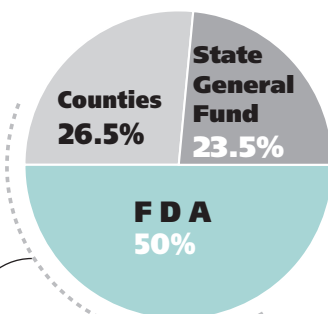
## Forest Board Transfer\*\*

546,100 acres



## Forest Board Purchase

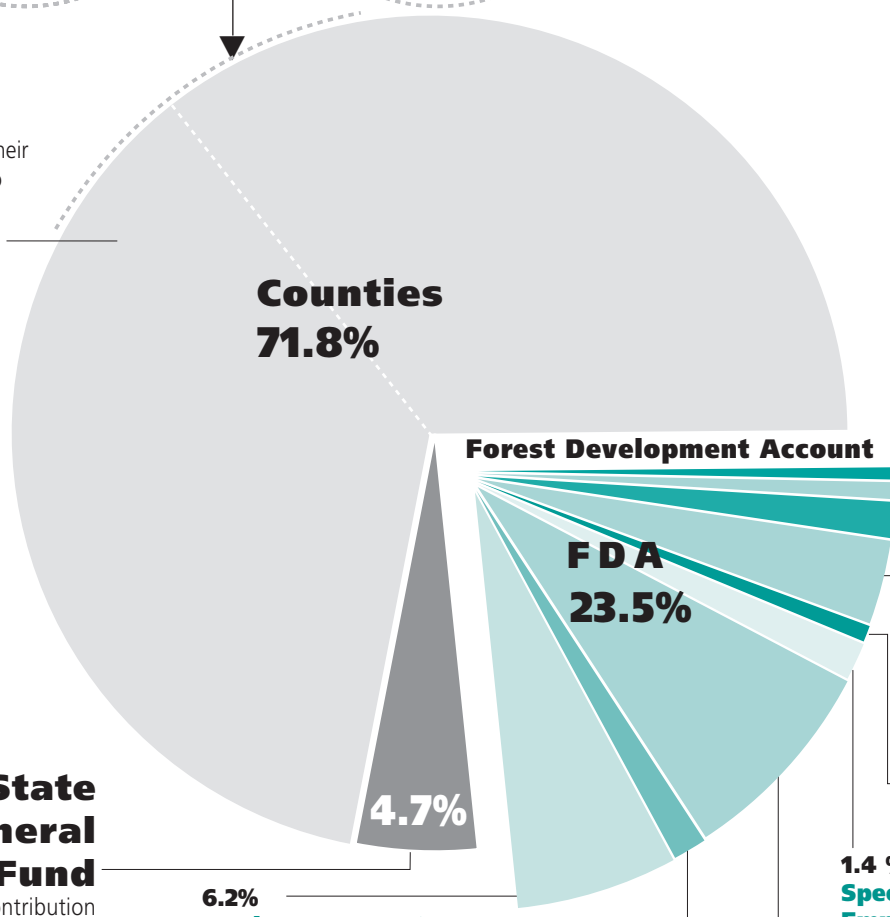
79,400 acres



By law, revenue from Forest Board Lands goes to the county in which the land is located, the State General Fund for the support of Common Schools, and the FDA to fund DNR's management of the lands. Distribution differs for Transfer lands and Purchase lands - see the small pie charts.

The large pie chart shows the combined total distribution for FY 02, with the FDA share divided among DNR's expenditures from the account. Expenditures are appropriated by the Legislature and are ongoing investments to keep the lands productive and to generate future revenue.

Net effect to counties after their redistribution to general fund: Estimated 37%  
Counties also redistribute revenue to junior taxing districts, bond retirement, road funds, and other obligations. These vary by county.



**State General Fund**  
Direct Contribution

### NOTE

\* This chart based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing.

\*\* Under Board of Natural Resources resolution #97-919, this distribution of revenue will remain in effect until the fund balance reaches six months' operating expenses, at which time DNR is authorized to reinstate the statutory maximum FDA distribution rate (25% FDA / 75% county).

### 6.2% Land Management

- Reforestation, Precommercial Thinning, Fertilization, Vegetation Management
- Genetic Improvement of Seedlings
- Forest Nursery
- Scientific Support
- Data Stewardship
- Landscape Planning

### 1.3% Asset Management & Protection

- Public Use
- Natural Areas
- Land Transactions
- SEPA
- Natural Heritage
- Asset Planning
- Environmental Compliance
- Investigative Services

### 8.1% Product Sales & Leasing

- Presales Activities
- Oil, Gas, & Commercial Site Leasing
- Rock & Gravel Sales
- Assessments
- Right-of-Way Granting & Acquisition
- Leasing
- Contract Administration

### 1.4% Special Employment

- Correction Camp Program

### 1.4% Interagency Payments

- 

### 3.3% Agency Support

- Finance
- Personnel & Equipment
- Data Systems Management & Support
- Geographic Information Systems
- Facilities
- Region Administration

### 0.6% Capital Investments

- Communication Site Repair
- Right-of-Way Acquisition
- Facilities
- Mobile Radio System Upgrade
- Blanchard Mountain Asset Evaluation

### 0.5% Engineering Services

- Resource Mapping

### 0.7% Administration

- Policy Analysis
- Executive Management
- Internal Audit
- Communications
- Budget & Economic Services

### 0.6% Capital Investments

- Communication Site Repair
- Right-of-Way Acquisition
- Facilities
- Mobile Radio System Upgrade
- Blanchard Mountain Asset Evaluation

## Forest Board Lands

Income from these lands is distributed to the counties in which the lands are located, the state General Fund for the support of common schools, and the Forest Development Account (FDA) for DNR's land manage-

ment expenses on these lands. There are two categories of Forest Board lands: Purchase lands and Transfer lands.

**Forest Board Purchase** lands were given to the state or

purchased by the state at low cost. The FDA receives half the income from these lands. The other half is divided between the respective county and the state General Fund for the support of common schools.

Revenue		Contributing Lands	
Source	Total	Forest Board Transfer	Forest Board Purchase
<b>Sales</b>			
Timber sales <sup>12</sup>	\$77,724,416	\$66,132,485	\$11,591,931
Timber sales related activities <sup>1</sup>	239,556	237,763	1,793
	<b>\$77,963,972</b>	<b>\$66,370,248</b>	<b>\$11,593,724</b>
<b>Leases</b>			
Agriculture/minor forest products	\$196,386	\$170,640	\$25,746
Commercial/special use	67,160	58,604	8,556
Minerals and hydrocarbon	54,705	54,705	0
Rights-of-way	590,417	349,027	241,390
Communication sites	881,135	522,616	358,519
	<b>\$1,789,803</b>	<b>\$1,155,592</b>	<b>\$634,211</b>
<b>Other Revenue</b>			
Interest income	\$22,016	\$21,458	\$558
Permits, fees, and miscellaneous <sup>2, 3</sup>	4,253	4,253	0
Treasurer's revenue <sup>14</sup>	48,779	N/A	N/A
FDA non-trust revenue <sup>13</sup>	(258,806)	N/A	N/A
	<b>(\$183,757)</b>	<b>\$25,711</b>	<b>\$558</b>
<b>Total Revenue</b>	<b>\$79,570,018</b>	<b>\$67,551,551</b>	<b>\$12,228,493</b>

N/A—not applicable.

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

**Forest Board Transfer** lands were forfeited to the counties in which they were located when the private landowners failed to pay property taxes, primarily in the 1920s and 1930s. The counties turned the lands over to

the state. DNR now manages these lands and distributes at least 75 percent of the income to the counties and up to 25 percent of the income to the FDA. (As of July 1, 1997, under Board of Natural Resources resolution

#97-919, the amount distributed to the counties increased to 78 percent, and the amount distributed to the FDA was reduced to 22 percent. This change will remain in effect until the fund balance in FDA reaches

an amount equal to operating expenses for six months, at which time DNR is authorized to reinstate the statutory maximum distribution to the FDA: 25 percent.)

Revenue Distribution		Contributing Lands	
Recipient	Total	Forest Board Transfer	Forest Board Purchase
<b>County</b>			
Clallam	\$5,373,882	\$5,373,882	\$0
Clark	3,197,104	3,197,067	37
Cowlitz	3,759,194	3,756,287	2,907
Grays Harbor	3,135,164	1,277,003	1,858,161
Jefferson	797,438	797,438	0
King	1,704,523	1,704,523	0
Kitsap	78,873	63,056	15,817
Klickitat	1,563,572	1,563,572	0
Lewis	2,477,212	2,249,898	227,314
Mason	1,759,879	1,759,825	54
Okanogan	21	21	0
Pacific	2,848,196	2,194,806	653,390
Pierce	1,724,278	1,610,712	113,566
Skagit	10,787,286	10,787,286	0
Skamania	321,860	321,437	423
Snohomish	5,701,099	5,701,099	0
Stevens	38,233	38,233	0
Thurston	4,947,165	3,392,344	1,554,821
Wahkiakum	2,986,657	2,986,657	0
Whatcom	3,882,260	3,870,359	11,901
Treasurer's revenue <sup>14</sup>	48,779	N/A	N/A
	<b>\$57,132,675</b>	<b>\$52,645,505</b>	<b>\$4,438,391</b>
<b>Forest Development Account</b>			
Trust activity	\$18,986,255	\$14,897,013	\$4,089,242
Permits, fees, and miscellaneous <sup>2, 3</sup>	9,309	9,035	274
FDA non-trust revenue <sup>13</sup>	(258,806)	N/A	N/A
	<b>\$18,736,758</b>	<b>\$14,906,048</b>	<b>\$4,089,516</b>
<b>General Fund - State</b>	<b>\$3,700,586</b>	<b>\$0</b>	<b>\$3,700,586</b>
<b>Total Revenue</b>	<b>\$79,570,020</b>	<b>\$67,551,553</b>	<b>\$12,228,493</b>

N/A—not applicable.

Totals may not add due to rounding.

See fiscal notes, pages 16-17.

# State Trust Lands Management Fund Accounting Report

## STATUTORY AUTHORITY AND REQUIREMENTS

Subject to legislative appropriation, the Department of Natural Resources is authorized by RCWs 76.12.110 and 79.64.030 to use funds from the Resource Management Cost Account (RMCA) and Forest Development Account (FDA) interchangeably in the management of State Grant Lands and State Forest Board Lands. The law also states, however, that an annual accounting will be kept of payments made by one fund on behalf of another. For example, when RMCA funds are used to pay for activities on Forest Board Land, it shall be considered a debt against the FDA. RCW 79.64.030 also requires that the results of the accounting be reported to the legislature at the next regular session.

## ACCOUNTING PROCEDURES

Beginning with fiscal year 1996, the following Cost Allocation System accounting procedures have been used to calculate any debt or loan between the management funds:

A. All operating program expenditures that can be determined to benefit a particular land category are directly charged to that land category.

B. Expenditures for the majority of the department's operating programs for which the benefiting land category cannot be determined (indirect expenditures) are allocated to land categories based on staff month percentages derived from personnel time charged directly to those land categories or based on the percentage of Western Washington forested acres that DNR manages for each land category.

C. Capital outlay expenditures that benefit particular land categories are determined in advance, then charged by land category according to the ratio of appropriations for each category.

D. Agency Administration and Support costs are allocated to land category based on Agency work plans for the year as established during the budget process.

E. Direct charges and indirect charges are totaled by land category within the Cost Allocation System. Expenditures paid from the RMCA and FDA accounts are compared to these total charges for Grant Lands and Forest Board Lands to determine how much of the charges were paid from one account on behalf of the other. If RMCA funds were used to pay Forest Board charges, a debt principal is incurred in that amount. If Forest Board funds were used to pay RMCA charges, the debt principal is reduced by that amount. Funding adjustments may be made periodically during the fiscal year to align expenditures by fund with total charges for Grant Lands and Forest Board Lands to prevent the accumulation of any new debt in the year.

F. As required by law, interest is charged on the debt incurred. A full year's interest is charged on cumulative debt carried from the previous year. One half-year's interest is calculated on the change in the debt principal occurring during the current year.

G. Cumulative debt from the preceding year, plus new principal and interest charges are totaled to determine the new cumulative debt.

## RMCA/FDA DEBT/LOAN ACCOUNTING FOR FISCAL YEAR 2002

	Grant Lands	Forest Board Lands
FY02 Trust Charges	\$33,295,446	\$18,712,859
RMCA Expenditures	33,295,446	—
FDA Expenditures	—	18,712,859
<b>Cumulative Debt/Loan</b>	<b>0</b>	<b>0</b>

## FISCAL YEAR 2002 MANAGEMENT FUND DEBT STATUS

As of June 30, 2002, no debt exists between the Forest Board Lands (Forest Development Account) and the Grant Lands (Resource Management Cost Account)).

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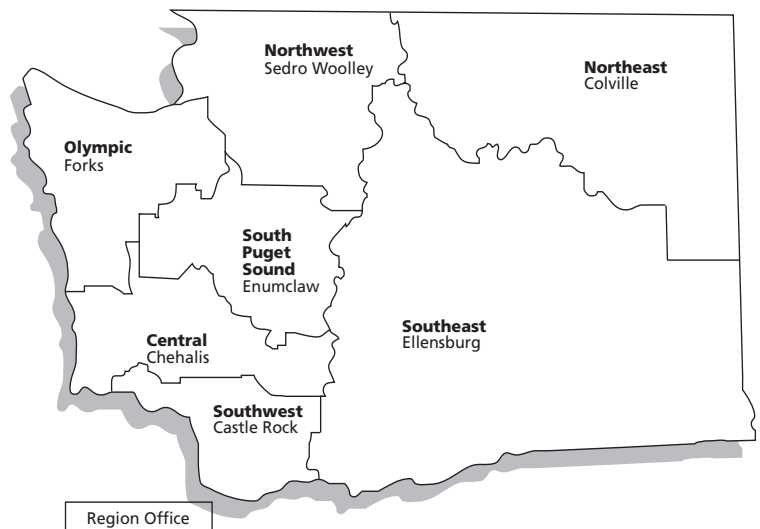
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